



STATE OF UTAH

GARY R. HERBERT
GOVERNOR

OFFICE OF THE GOVERNOR
SALT LAKE CITY, UTAH
84114-2220

GREG BELL
LIEUTENANT GOVERNOR

June 23, 2011

Mr. Timothy Geithner
Secretary of the Treasury
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Geithner,

As Governor, I am pleased to designate the Department of Community and Culture (DCC) as the state agency entitled to apply for and accept funds from the State Small Business Credit Initiative (SSBCI) under Title III of the State Small Business Jobs Act of 2010.

Furthermore, I also certify DCC:

1. Is responsible for overseeing the programs and contractors (if applicable) and is further responsible for the reporting requirements under the allocation agreement.
2. Possesses the legal authority to enter into an allocation agreement with the Department of Treasury and bind the State of Utah
3. Is responsible for the implementation of the programs included in the application.

As a State, we look forward to the successful implementation of this program and furthering the expansion and growth of small businesses in Utah.

Sincerely,

A handwritten signature in black ink that reads "Gary R. Herbert".

Gary R. Herbert
Governor



U.S. Department of the Treasury

**State Small Business Credit Initiative (SSBCI)
APPLICATION**

Applicants must complete and submit this application form, relevant attachments, and the signature form on or before 5:00 pm ET June 27, 2011, to Treasury. The completed application and relevant attachments must be saved and emailed to SSBCIapplications@treasury.gov. Applicants should use the attachments provided to facilitate submission of supplemental information as required by certain sections below. For questions pertaining to any program terms used in this application form or appropriate methods by which to validate responses to the questions below, please consult the Application Instructions and the SSBCI Policy Guidelines. Central Contractor Registration (CCR) is required for all applicants. To register, go to www.ccr.gov/startregistration.asp.

For the purposes of this application, the term "Applicant" shall include all States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of Northern Mariana Islands, Guam, American Samoa, and the United States Virgin Islands, and under the circumstances described in title III, section 3004(d) of the Small Business Jobs Act of 2010 (P.L. 111-240) (the "Act"), a municipality of a State of the United States to which the Act has given a special permission under section 3004(d) of the Act.

Section 1: Applicant Information	
1A. Enter the name of the Applicant: <input type="text" value="State of Utah"/>	
1B. Enter information below about the specific department, agency, or political subdivision of the Applicant that has been designated to implement the program(s) described in this application. Attach letter of designation from the governor of the State, or the chief executive of the territory or municipality. This letter must expressly state that the governor or chief executive has designated the department, agency or political subdivision named below to accept the SSBCI allocated funds on behalf of the State, territory or municipality; the entity designated below will implement the State program(s) and oversee the State program(s), and the entity designated below has all legal authority to enter into an Allocation Agreement with the Treasury.	
Organization Name: <input type="text" value="Department of Community and Culture"/>	
Check one of the following boxes as appropriate for the organization:	
<input checked="" type="checkbox"/> State Department or Agency	
<input type="checkbox"/> Municipality	
<input type="checkbox"/> Other Political Subdivision	
Organizational DUNS: <input type="text" value="62-149-1427"/>	Registration Active in CCR: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="87-6000045"/>	
Authorized Official's Name: <input type="text" value="Julie Fisher"/>	Title: <input type="text" value="Executive Director"/>
Street Address: <input type="text" value="324 S. State St., Suite 500"/>	City: <input type="text" value="Salt Lake City"/>
State: <input type="text" value="Utah"/>	Zip Code: <input type="text" value="84111"/>
1C. Name and contact information of person to be contacted on matters concerning this application.	
Name: <input type="text" value="Jonathan Hardy"/>	Title: <input type="text" value="Director, Community Services Office"/>
Email: <input type="text" value="jhardy@utah.gov"/>	Phone: <input type="text" value="(801) 538-8650"/>
1D. Contracting Entity. Complete this Section if the organization(s) or /entity(ies) administering one or more of the programs described in this application are different from Applicant listed in Section 1B. Space is provided below for applicants to enter information for up to four (4) such organizations/entities. Use the attachment for Section 1D to submit the information below for any additional organization/entity.	
1. Name of Contracting Entity: <input type="text" value="Utah Division of Housing and C+"/> Program Name: <input type="text" value="Utah Loan Guarantee Program"/> <input type="text" value="Utah Loan Participation Program"/>	
Indicate (by checking the appropriate box below) if such entity is:	
<input type="checkbox"/> Agency or Department of another State	
<input type="checkbox"/> For-profit Entity Supervised by State	
<input type="checkbox"/> Non-profit Entity Supervised by State	

Name of Authorized Official: <u>Gordon D. Walker</u>	Title: <u>Director</u>
Street Address: <u>324 S. State St., Suite 500</u>	City: <u>Salt Lake City</u>
State: <u>UT</u>	Zip Code: <u>84111</u>
<i>Enter contact person information below:</i>	
Name: <u>Jonathan Hardy</u>	Title: <u>Director, State Community Services Off</u>
Email: <u>jhardy@utah.gov</u>	Phone: <u>(801) 538-8650</u>

2. Name of Contracting Entity: Program Name:

Indicate (by checking the appropriate box below) if such entity is:

☐ Agency or Department of another State
☐ For-profit Entity Supervised by State
☐ Non-profit Entity Supervised by State

Name of Authorized Official: 	Title:
Street Address: 	City:
State: 	Zip Code:
<i>Enter contact person information below:</i>	
Name: 	Title:
Email: 	Phone:

1E. Have all legal actions been taken pursuant to applicable State laws that are necessary to enable the designee to implement the Applicant program(s) described herein? Check the appropriate box.

☐ No – Do not continue with this application
☒ Yes – Please attach a narrative describing the necessary legal actions that have been or need to be taken. The narrative should confirm that (1) the entity is legally capable to bind the State, territory or municipality to obligations with the Federal Government; and (2) the legal mechanisms are in place for the State, territory, or municipality to accept the transfer of SSBCI funds and deliver funds to the entity designated in Section 1B.

Section 2: Amount Requested

2A. Enter the total amount of SSBCI funds requested. Do not exceed the amount allocated by Treasury under Act to the State, territory or municipality.

Amount: \$13,168,350

2B. Will all or part of the requested amount be used as collateral for a qualifying loan or swap funding facility?

☐ Yes, all of the requested amount
 ☐ Yes, part of the requested amount
 ☒ No

If yes, provide the following information:

Amount of funding:

Name(s) of private financial entity(s):

Attach commitment letter from source of financing. If commitment letter is unavailable, use the attachment for Section 2B to describe the items and structure of the transaction. The description should not exceed 1 page.

2C. If applying for more than one program enter the information below for each program (use the attachment for Section 2C if more space is needed for additional programs):

1. Name of Program: <u>Utah Small Business Loan Guar</u>	<input type="checkbox"/> CAP	<input checked="" type="checkbox"/> OCSP	Amount Requested: <u>\$11,851,515</u>
2. Name of Program: <u>Utah Small Business Loan Part</u>	<input type="checkbox"/> CAP	<input checked="" type="checkbox"/> OCSP	Amount Requested: <u>\$1,316,835</u>
3. Name of Program: 	<input type="checkbox"/> CAP	<input checked="" type="checkbox"/> OCSP	Amount Requested:
4. Name of Program: 	<input type="checkbox"/> CAP	<input type="checkbox"/> OCSP	Amount Requested:
5. Name of Program: 	<input type="checkbox"/> CAP	<input type="checkbox"/> OCSP	Amount Requested:

2D. For both CAPs and OCSPs, use attachment for Section 2D to indicate how the Applicant plans to use SSBCI funds to provide access to capital for small businesses (1) in low- and moderate-income communities, (2) in minority communities, (3) in other underserved communities, and to (4) women- and minority-owned small businesses. The Applicant's plans must include a narrative on how the Applicant will monitor the performance of its plans to provide access to capital to small businesses meeting these criteria.

Section 3: Capital Access Program (CAP). Complete this Section if applying for SSBCI funds to use for a CAP

3A. Confirm by checking the boxes below that the Applicant's CAP satisfies each of the 4 criteria. Applicants should use the attachment for Section 3A to describe the CAP and explain how the CAP meets each criterion. Documentation should not exceed 5 pages.

- ☐ Provides portfolio insurance for business loans based on a separate loan-loss reserve fund for each financial institution.
- ☐ Requires insurance premiums to be paid by participating financial institution lenders and by the business borrowers to the CAP-created reserve fund to have their loans enrolled in such reserve fund.
- ☐ Provides for contributions to be made by the State to the CAP-created reserve fund in amounts at least equal to the sum of the amount of the insurance premium charges paid by the borrower and the financial institution to the reserve fund for any newly enrolled loan.
- ☐ Provides portfolio insurance solely for loans that meet both the following requirements: (a) The borrower has 500 employees (as defined at 13 C.F.R. Part 121.106) or less at the time that the loan is enrolled in the CAP and (b) the loan amount does not exceed \$5,000,000.

3B. Lender capital at-risk criteria: For loans made under Applicant CAP programs where financial institution lenders bear less than 20% risk of loss, use the attachment for Section 3B to articulate exceptional circumstances as to why the financial institution lender is unable to bear a greater share of the risk.

3C. Is the Applicant's CAP a new program or an existing program? Check the appropriate box.

- ☐ New, beginning with SSBCI ☐ Existing

3D. Enrolled loan data: Applicants establishing new programs will be required to provide detailed assumptions for their estimates of total enrolled loans, total loan amounts and the estimated total Federal contributions over the lifespan of the SSBCI. Applicants with existing programs should provide historical data for total enrolled loans, total loan amounts, and total public subsidies for these loans, and use this historical data to estimate total enrolled loans, total loan amounts, and the estimated total Federal contributions over the lifespan of SSBCI. Applicants should use the attachment for Section 3D to provide these estimates.

Section 4: Other Credit Support Programs (OCSP). Complete this Section if applying for SSBCI funds to use for a State Other Credit Support Program

4A. Check all types of OCSPs for which the application applies and use the attachment for Section 4A to provide a narrative statement describing each program. Statement should include (1) background of the program; (2) summary of program guidelines; (3) historical performance of the program (for existing programs); and (4) expected performance of the program. Narrative statement must not exceed 3 pages for each OCSP.

- ☒ Loan participation program (may be structured in the form of a loan purchase or companion loan transaction).
- ☐ Applicant-run venture capital fund program.
- ☒ Credit guarantee program.
- ☐ Other types of credit support programs that use public resources to promote private access to credit, are not a CAP, and meet the eligibility criteria for OCSPs.

4B. Confirm by checking each box below (box 3 should only be checked if it is applicable) that each program checked in Section 4A, above, satisfies the following criteria:

- ☒ At a minimum, \$1 of public investment by the State OCSP will cause and result in \$1 of new private credit.
- ☒ The Applicant has a reasonable expectation that, when considered with all other Applicant programs, such Applicant programs together have the ability to use amounts of new Federal contributions to, or for the account of, all such programs to cause new small business lending at least 10 times the SSBCI contributed Federal amount.
- ☒ If the Applicant OCSP provides credit support through a financial institution lender or through a non-financial institution lender or investor, the financial institution lender (or, if applicable, the non-financial institution lender or investor) has a meaningful amount of its own capital resources at risk in the loan or investment to the eligible small business. The term "meaningful capital" may vary for different programs. Guidelines for CAPs and OCSPs are contained in the SSBCI Policy Guidelines. For instances where financial institution lender(s) bear less than 20% risk of loss, Applicants should use the attachment for Section 4B to articulate exceptional circumstances as to why the financial institution lender is unable to bear a greater share of the risk.
- ☒ The OCSP provides credit support that meets all the following requirements: (1) targets an average borrower size of 500 employees or less*; (2) does not extend support to borrowers that have more than 750 employees; (3) targets support towards loans with an average principal amount of \$5,000,000 or less; and (4) does not extend credit support to loans that exceed a principal amount of \$20,000,000.

* The definition at 13 C.F.R. Part 121.106 should be used to calculate the number of employees.

4C. *Leverage calculations: Provide an attachment showing the calculation and the assumptions for the first two boxes above. If the Applicant expects to achieve the 10:1 private leveraging target through subsequent private financing to the small businesses over time, the attachment should show the expected private leverage year-by-year and cumulatively through December 31, 2016, the last date through which Applicants are expected to report program performance. Please refer to the SSBCI Program Guidelines for examples.*

4D. *Is the OCSP a new program or an existing program? Check the appropriate box.*

☒ New, beginning with SSBCI ☐ Existing

4E. *Provide documentation (use the attachment for Section 4E) describing the anticipated benefits from each OCSP to the (a) State, (b) its businesses, (c) its residents, and (d) describe the extent to which resulting small business lending will expand economic opportunities. For Loan Guarantee Programs, States must provide detailed assumptions concerning estimated number of loans and estimated loan amounts during the course of the SSBCI. States that are enacting new Collateral Support Programs should present detailed assumptions concerning estimated loan volume and overall Federal collateral support used for such loans. Documentation should not exceed 5 pages. The metrics used should include, but need not be limited to:*

- Jobs created
- The number and value of new OCSP small business loans
- Increase in sales, income or other tax revenues paid by businesses or employees

4F. *Provide documentation (use the attachment for Section 4F) for each OCSP describing (1) operational capacity, (2) skills, and (3) experience of the management team of the State OCSP. Documentation should not exceed 5 pages. The metrics used should include, but need not be limited to:*

- Qualifications and financial industry experience of senior management
- Experience of senior management in operating CAPs or OCSPs
- Adoption of industry best practices (e.g., use of risk management strategies employed by analogous successful programs)

4G. *Provide documentation (Applicants should use the attachment for Section 4G) for each OCSP describing the capacity of OCSP staff to manage increases in the volume of its small business lending. Documentation should not exceed 2 pages. Evidence cited should include, but need not be limited to:*

- Financial strength
- Operational capacity

4H. *Provide documentation (Applicants should use the attachment for Section 4H) for each OCSP describing the internal accounting and administrative controls systems used by the OCSP staff and the means they use to safeguard against (a) waste, (b) loss, (c) unauthorized use, and (d) misappropriation. This description should not exceed 3 pages. If available, evidence cited should include, but need not be limited to:*

- Periodic internal audits
- Annual independent audits (including management letters)
- Program financial statements current within the last 6 months.
- Accounting and financial reporting system compliant with OMB Circular A-127

In addition, if available, the Applicant must attach a copy of the most recent independent financial audit or program financial statements for each OCSP, dated within the last six months. If no independent financial audit or program financial statements exist for the OCSP, then the Applicant must attach a copy of the independent financial audit or program financial statements, dated within the last six months, for the entity implementing each OCSP as identified in the response to Section 1B or 1D of the application.

Section 5: Compliance.

5A. *Check any or all of the boxes below to indicate how the Applicant plans to staff oversight of compliance activities?*

- ☒ Current Staff
☐ New Staff
☐ Contract Staff

5B. *Provide a narrative statement (Applicants should use the attachment for Section 5B) describing what reporting mechanisms, audits, or other activities (a) the Applicants has in place or (b) need to be implemented to enable the Applicant to conduct oversight and meet annual reporting requirements for the proposed programs. Documentation should not exceed 3 pages.*

Applicants must save the completed PDF application and attachments and email to SSBCIapplications@treasury.gov

Applicants must complete, sign, and email the signature page with the application and attachments.



U.S. Department of the Treasury

State Small Business Credit Initiative

SIGNATURE PAGE

The signature in this document refers to information submitted in the State Small Business Credit Initiative application. This signed statement will be considered an official record and must be submitted with the application and attachments.

The authorized state official must complete this application signature page, print and affix signature at the bottom of the page.

The completed and signed application signature page must be emailed as part of the application form and attachments to

SSBCIapplications@treasury.gov

APPLICANT INFORMATION

Enter the name of the Applicant:

Enter information below about the specific department, agency, or political subdivision of the Applicant that has been designated to implement the program(s) described in this application.

Organization Name:

Check one of the following boxes as appropriate for the organization:

- ☒ State Department or Agency
☐ Municipality
☐ Other Political Subdivision

Organizational DUNS:

Employer/Taxpayer Identification Number (EIN/TIN):

SIGNATURE OF AUTHORIZED OFFICIAL

Under penalties of perjury, I declare that I have examined the attached State Small Business Credit Initiative application and to the best of my knowledge and belief, the information in the application is true, correct, and complete. I certify that I am an authorized official for the applicant and authorized to submit this application.

Name:

Title:

Email:

Phone:

Signature:

(Sign in ink)

Julie Fisher

Date Signed:

8/4/11

Attachment 1E – Narrative of Legal Actions

In the 2011 General Session of the Utah State Legislature, Senate Bill 198 was passed which added language to the Utah Code to allow for an enterprise fund to be established for the purposes of administering SSBCI and designated the Utah Division of Housing and Community Development (HCD), under the Department of Community and Culture (DCC) as the state agency to administer the State Small Business Credit Initiative. (Attached)

Per Utah Code 9-4-202, Subsection 2(a), HCD has the authority to participate in federal program and seek grants and loans by following Title 63J, Chapter 5, Federal Funds Procedures Act. (Attached)

Per Title 63J-5-102 (1)(b)(i), Federal Funds is defined by state statute to mean, "cash or other money received from the United States government" and as such SSBCI qualifies under the state definition of this statute.

Furthermore, this same title, subsection (1)(a)(i), defines an agency to mean a department, division or other administrative subunit of the state and as such defines both DCC and HCD to legally apply for SSBCI.

Per Title 63J-5-201, Subsection 5, allows for inclusion of the program and attached appropriations to constitute approval from the legislature to obligate the state to participation in the program. (Attached)

Per Senate Bill 3 of the 2011 General Session, titled "Appropriations Adjustments", Item 75, the Small Business Program, which is the appropriation title for SSBCI, is granted approval to receive appropriations for the program and as such is entitled to obligate the state and participate in the program. (Attached)

In addition, per the cover letter, the Governor of the State of Utah, Gary R. Herbert, has designated the Department of Community and Culture, the executive agency which houses the Division of Housing and Community Development, as authorized to enter into an allocation agreement and bind the state, to be responsible for the administration of the program, to apply and accept funds on behalf of the state and for the implementation of the programs included in the application. (Cover Letter)

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S.B. 198 Enrolled

1

DIVISION OF HOUSING AND COMMUNITY DEVELOPMENT

2

AMENDMENTS

3

2011 GENERAL SESSION

4

STATE OF UTAH

5

Chief Sponsor: Scott K. Jenkins

6

House Sponsor: Gage Froerer

7

8 **LONG TITLE**

9 **General Description:**

10 This bill creates a State Small Business Credit Initiative Program Fund to be
11 administered by the Division of Housing and Community Development.

12 **Highlighted Provisions:**

13 This bill:

- 14 . creates the State Small Business Credit Initiative Program Fund;
- 15 . provides for the fund to be administered by the director of the Division of Housing
- 16 and Community Development within the Department of Community and Culture;
- 17 . provides that the director may make loans and loan guarantees from the fund for the
- 18 Small Business Initiative created by the federal government to use federal money
- 19 for programs that leverage private money to help finance small businesses and
- 20 manufacturers that are creditworthy but not receiving the loans needed to expand
- 21 and create jobs;
- 22 . provides for distribution of fund money; and
- 23 . provides for an annual accounting of fund money.

24 **Money Appropriated in this Bill:**

25 None

26 **Other Special Clauses:**

27 None

28 **Utah Code Sections Affected:**

29 **ENACTS:**

30
9-4-1601, Utah Code Annotated 1953
31 9-4-1602, Utah Code Annotated 1953
32 9-4-1603, Utah Code Annotated 1953
33

34 *Be it enacted by the Legislature of the state of Utah:*

35 Section 1. Section 9-4-1601 is enacted to read:
36

Part 16. State Small Business Credit Initiative Program Fund

37 **9-4-1601. Creation and administration.**

38 *(1) There is created an enterprise fund known as the "State Small Business Credit*
39 *Initiative Program Fund" administered by the director of the division or the director's*
designee.

40 *(2) The division is the administrator of the fund.*

41 *(3) Revenues deposited into the fund shall consist of:*

42 *(a) grants, pay backs, bonuses, entitlements, and other money received from the federal*
43 *government to implement the State Small Business Credit Initiative; and*

44 *(b) transfers, grants, gifts, bequests, or any money made available from any source to*
45 *implement this part.*

46 *(4) (a) The state treasurer shall invest the money in the fund according to the*
47 *procedures and requirements of Title 51, Chapter 7, State Money Management Act.*

48 *(b) All interest or other earnings derived from the fund money shall be deposited in the*
49 *fund.*

50 *(5) The division may use fund money for administration of the fund, but not to exceed*
51 *4% of the annual receipts to the fund.*

52 Section 2. Section 9-4-1602 is enacted to read:

53 **9-4-1602. Distribution of fund money.**

54 *(1) (a) The director shall make loans and loan guarantees from the fund for the Small*
55 *Business Credit Initiative created under the federal government's Small Business Jobs Act*

of
56 *2010, to use federal money for programs that leverage private lending to help finance*

small
57 *businesses and manufacturers that are creditworthy but not receiving the loans needed to*

58

expand and create jobs.

59 *(b) In making loans and loan guarantees under this part, the director shall give due*
60 *consideration to small businesses in underserved communities throughout the state that*

have
61 *been deeply impacted by recession and not seen a comparable resurgence in their*
economies.

62 *(2) The director shall distribute any federal money in the fund according to the*
63 *procedures, conditions, and restrictions placed upon the use of the money by the federal*
64 *government.*

65 *(3) The director may, with the approval of the executive director of the department:*

66 *(a) enact rules to establish procedures for the loan and loan guarantee process by*
67 *following the procedures and requirements of Title 63G, Chapter 3, Utah Administrative*
68 *Rulemaking Act; and*

69 *(b) service or contract, under Title 63G, Chapter 6, Utah Procurement Code, for the*

- 70 *servicing of loans made by the fund.*
71 Section 3, Section 9-4-1603 is enacted to read:
72 **9-4-1603. Annual accounting.**
73 *(1) The director shall monitor the activities of recipients of the loans and loan*
74 *guarantees issued under this part on a yearly basis to ensure compliance with the terms*
and
75 *conditions imposed on the recipient by the director under this part.*
76 *(2) An entity receiving a loan or loan guarantee under this part shall provide the*
77 *director with an annual accounting of how the money it received from the fund was spent.*
78 *(3) The director shall submit an annual report to the Workforce Services and*
79 *Community and Economic Development Interim Committee before December 1 of each*
year.
80 *(a) accounting for expenditures made from the fund; and*
81 *(b) evaluating the effectiveness of the loan and loan guarantee program.*

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Utah Code

Title 63J Budgeting

Chapter 5 Federal Funds Procedures Act

Section 201 Legislative Appropriation Subcommittees to review certain federal funds reauthorizations -- Executive Appropriations review -- Legislative approval.

63J-5-201. Legislative Appropriation Subcommittees to review certain federal funds reauthorizations -- Executive Appropriations review -- Legislative approval.

(1) The Governor's Office of Planning and Budget shall annually prepare and submit a federal funds request summary for each agency to the Legislative Fiscal Analyst at the same time the governor submits the confidential draft budget under Section 63J-1-201.

(2) (a) The Legislative Fiscal Analyst, as directed by the Executive Appropriations Committee, may include federal funds in the base budget appropriations act or acts, when those acts are prepared as provided in JR3-2-402.

(b) The Legislative Fiscal Analyst shall submit a federal funds request summary for each agency to the legislative appropriations subcommittee responsible for that agency's budget for review during each annual general session.

(3) Each legislative appropriations subcommittee shall review the federal funds request summary and may:

(a) recommend that the agency accept the federal funds or participate in the federal program for the fiscal year under consideration; or

(b) recommend that the agency not accept the federal funds or not participate in the federal program for the fiscal year under consideration.

(4) The Legislative Executive Appropriations Committee shall:

(a) review each subcommittee's recommendation;

(b) determine whether or not the agency should be authorized to accept the federal funds or participate in the federal program; and

(c) direct the Legislative Fiscal Analyst to include or exclude those federal funds and federal programs in an annual appropriations act for approval by the Legislature.

(5) Legislative approval of an appropriations act containing federal funds constitutes legislative approval of the federal grants or awards associated with the federal funds for the purposes of compliance with the requirements of this chapter.

Amended by Chapter 326, 2011 General Session

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[Title 63J](#) Budgeting

[Chapter 5](#) Federal Funds Procedures Act

[Section 102](#) Definitions.

63J-5-102. Definitions.

(1) As used in this chapter:

(a) (i) "Agency" means a department, division, committee, commission, council, court, or other administrative subunit of the state.

(ii) "Agency" includes executive branch entities and judicial branch entities.

(iii) "Agency" does not mean higher education institutions or political subdivisions.

(b) (i) "Federal funds" means cash or other money received from the United States government or from other individuals or entities for or on behalf of the United States and deposited with the state treasurer or any agency of the state.

(ii) "Federal funds" includes federal assistance and federal assistance programs, however described.

(iii) "Federal funds" does not include money received from the United States government to reimburse the state for money expended by the state.

(c) "Federal funds reauthorization" means:

(i) the formal submission from an agency to the federal government applying for or seeking reauthorization of federal funds which the state is currently receiving;

(ii) the formal submission from an agency to the federal government applying for or seeking reauthorization to participate in a federal program in which the state is currently participating that will result in federal funds being transferred to an agency; or

(iii) that period after the first year of a previously authorized and awarded grant or funding award, during which federal funds are disbursed or are scheduled to be disbursed after the first year because the term of the grant or financial award extends for more than one year.

(d) "Federal funds request summary" means a document detailing:

(i) the amount of money that is being requested or is available to be received by the state from the federal government for each federal funds reauthorization or new federal funds request;

(ii) those federal funds reauthorizations and new federal funds requests that are included as part of the agency's proposed budget for the fiscal year, and the amount of those requests;

(iii) the amount of new state money, if any, that will be required to receive the federal funds or participate in the federal program;

(iv) the number of additional permanent full-time employees, additional permanent part-time employees, or combination of additional permanent full-time employees and additional permanent part-time employees, if any, that the state estimates are needed in order to receive the federal funds or participate in the federal program; and

(v) any requirements that the state must meet as a condition for receiving the federal funds or participating in the federal program.

(e) "Federal maintenance of effort requirements" means any matching, level of effort, or earmarking requirements, as defined in Office of Management and Budget Circular A-133,

Compliance Requirement G, that are imposed on an agency as a condition of receiving federal funds.

(f) "New federal funds" means:

(i) federal assistance or other federal funds that are available from the federal government that:

(A) the state is not currently receiving; or

(B) exceed the federal funds amount previously approved by the Legislature by more than 25% for a federal grant or program in which the state is currently participating; or

(ii) a federal assistance program or other federal program in which the state is not currently participating.

(g) "New federal funds request" means the formal submission from an agency to the federal government:

(i) applying for or otherwise seeking to obtain new federal funds; or

(ii) applying for or seeking to participate in a new federal program that will result in federal funds being transferred to an agency.

(h) (i) "New state money" means money, whether specifically appropriated by the Legislature or not, that the federal government requires Utah to expend as a condition for receiving the federal funds or participating in the federal program.

(ii) "New state money" includes money expended to meet federal maintenance of effort requirements.

(i) "Pass-through federal funds" means federal funds provided to an agency that are distributed to local governments or private entities without being used by the agency.

(j) "State" means the state of Utah and all of its agencies, and any administrative subunits of those agencies.

(2) When this chapter describes an employee as a "permanent full-time employee" or a "permanent part-time employee," it is not intended to, and may not be construed to, affect the employee's status as an at-will employee.

Amended by Chapter 326, 2011 General Session

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Schedule of Programs:

General Fund, One-time 5,000,000

Business, Economic Development, & Labor

Department of Community and Culture

Item 71 To Department of Community and Culture - Division of Arts and Museums

From General Fund, One-time 2,610,000

Schedule of Programs:

Grants to Non-profits 2,600,000

Community Arts Outreach 10,000

Item 72 To Department of Community and Culture - Division of Arts and Museums - Office of Museum Services

From General Fund, One-time 1,550,000

Schedule of Programs:

Office of Museum Services 1,550,000

Item 73 To Department of Community and Culture - Housing and Community Development

From General Fund (1,762,100)

From General Fund, One-time (1,050,000)

Schedule of Programs:

Community Assistance (2,812,100)

All General Funds appropriated to the Division of Housing and Community Development line item are contingent upon expenditures from Federal Funds - American Recovery and Reinvestment Act (H.R. 1, 111th United States Congress) not exceeding amounts appropriated from Federal Funds - American Recovery and Reinvestment Act in all appropriations bills passed for FY 2012. If expenditures in the Division of Housing and Community Development line item exceed amounts appropriated to the Division of Housing and Community Development line item from Federal Funds - American Recovery and Reinvestment Act in FY 2012, the Division of Finance shall reduce the General Fund allocations to the Division of Housing and Community Development line item by one dollar for every one dollar in Federal Funds - American Recovery and Reinvestment Act expenditures that exceed Federal Funds - American Recovery and Reinvestment Act appropriations.

Item 74 To Department of Community and Culture - Housing and Community Development

From Dedicated Credits Revenue (301,400)

Schedule of Programs:

Community Assistance (301,400)

To implement the provisions of *Restructuring of the Department of Community and Culture* (House Bill 287, 2011 General Session).

Item 75 To Department of Community and Culture - Housing and Community Development

From Federal Funds 4,000,000

From Dedicated Credits Revenue 20,000,000

Schedule of Programs:

Small Business Program 24,000,000

To implement the provisions of *Division of Housing and Community Development Amendments* (Senate Bill 198, 2011 General Session).

Governor's Office of Economic Development

Item 76 To Governor's Office of Economic Development - Administration

From General Fund, One-time 3,915,000

 From Federal Funds (750,000)

From Federal Funds - American Recovery and Reinvestment Act (200,000)

**Section 1: Applicant Information****1A.** Enter the name of the Applicant: **1B.** Enter information below about the specific department, agency, or political subdivision of the Applicant that has been designated to implement the program(s) described in this application.Organization Name: **Section 2: Amount Requested**

2D. For both CAPs and OCSPs, use the space provided below to indicate how the Applicant plans to use SSBCI funds to provide access to capital for small businesses (1) in low- and moderate-income communities, (2) in minority communities, (3) in other underserved communities, and to (4) women- and minority-owned small businesses. The Applicant's plans must include a narrative on how the Applicant will monitor the performance of its plans to provide access to capital to small businesses meeting these criteria.

DCC through its Division of Housing and Community Development (HCD) will ensure all of its proposed programs under the SSBCI application will be done in partnership with our banking partners. As such, we will be jointly marketing the program in conjunction with Community Reinvestment Act funds from our partner institutions, including banks, credit unions and community development financial institutions to low and moderate income communities, underserved communities, minority communities and women and minority owned small businesses. Partners include but are not limited to Zions Bank Women's Financial Group, Wells Fargo, Bank of Utah, Far West Bank, Key Bank, Goldman Sachs, JP Morgan and American Express.

Some of these partner institutions have specific operations and branch divisions which exclusively market to these types of communities and will be a vital partner in providing information and access to the program. As the programs are structured, our financial institution partners will be referring the transactions into the program from these communities they serve.

Favorable interest rates and terms may be offered if the transaction is utilized in conjunction with CRA level transactions at the financial institution. This is subject to recommendation from the Credit Advisory Committee and approval by the HCD Division Director or his designee.

Measurement of success of the Initiative includes both marketing and outreach efforts as well as an evaluation of the extent of capital access provided to these types of communities.

Marketing will be measured by the number of outreach materials provided to the target communities including the number of trainings provided by HCD personnel to financial institution partners who have targeted programs for these communities as well as the number of marketing materials distributed by HCD personnel or financial institution partners to the target communities. We anticipate providing 15 trainings within the first two years of the program to financial institutions with follow on visits as necessary to reinforce the state's focus on reaching these underserved communities.

In addition, we expect to produce 10,000 brochures to be disseminated through bank mailing lists and branch divisions to potential applicants from underserved communities.

Data elements collected in the referral documentation and underwriting criteria will evaluate the extent to which the transaction will benefit these types of communities and HCD will monitor the performance of this requirement by the number of transaction, total loan volume used and number of jobs created benefitting these specific communities as part of its evaluation of the program. HCD expects to achieve at least a 20% reach of SSBCI transactions into the communities listed.

**Section 1: Applicant Information****1A.** Enter the name of the Applicant: **1B.** Enter information below about the specific department, agency, or political subdivision of the Applicant that has been designated to implement the program(s) described in this application.Organization Name: **Section 4: Other Credit Support Programs (OCSP).** Complete this Section if applying for SSBCI funds to use for a State Other Credit Support Program**4A.** Applicants should use the space provided below to provide a narrative statement describing each OCSP. Statement should include (1) background of the program; (2) summary of program guidelines; (3) historical performance of the program (for existing programs); and (4) expected performance of the program.

	PERFORMANCE	
	Historical	Expected
BORROWERS		
Total Number		
Average Size		
TRANSACTIONS		
Number		
Average Size		
Total Amount		
LOSSES		
Total Amount		
Cumulative %		
LEVERAGE RATIO		

See Attached Documentation for Utah Loan Guarantee Program (LGP)

Section 4A – Narrative Statement for Each OCSP (Utah Small Business Loan Guarantee Program)

Background

The Utah Small Business Loan Guarantee Program (LGP) is a new program to be implemented by the State of Utah in conjunction with the State's community of lending institutions, including banks, credit unions and community development financial institutions (CDFIs). The program seeks to increase small business access to capital. The program is targeted to reach the next lower tier of customers not currently bankable according to current lending criteria, but would be bankable with a credit enhancement from the LGP.

Program Guidelines

The purpose of the LGP is to increase credit opportunities for eligible small businesses not currently bankable under traditional lending underwriting criteria. In addition, small businesses supported by the program are expected to generate an increase in the amount of jobs and overall wages supporting income and other tax bases to Utah communities.

The program can provide a guarantee of up to 80% of an eligible loan or line of credit. 10% of each guarantee amount will be placed into a loan/loss reserve account. The reserve account can be accessed through claims made by a participating financial institution after all collection efforts have been made, including collateral liquidation. Upon paying a claim from the reserve, HCD will make an additional deposit to the reserve account to meet the 10% reserve requirement of the state program.

All applicants to the program must have a financial institution sponsor to apply, meaning they have already gone through a traditional underwriting process and have been declined credit under current lending standards. In lieu of declining the application altogether, loan applications would be submitted to the Utah Small Business Credit Advisory Committee (CAC) for consideration of enrollment into the LGP.

The CAC is composed of a select group of appointees from participating financial institutions and chosen by their relevant peer groups, the Utah Bankers Association and the Utah Credit Union Association. The group is chaired by the Division Director or his designee. Consideration for the amount of guarantee and duration of the guarantee is made by the Committee and is part of each recommendation. The CAC's main object is to provide viable businesses with credit opportunities that fit their needs, adding strength to the business, creating jobs for community residents and further strengthening the tax base.

Upon recommendation for approval from the CAC, the Division Director for HCD will approve enrollment of an eligible loan for participation in the LGP.

The LGP provides credit support that meets all the following requirements: (1) targets an average borrower size of 500 employees or less; (2) does not extend support to borrowers that have more than 750 employees; (3) targets support towards loans with an average principal amount of \$5,000,000 or less; and (4) does not extend credit support to loans that exceed a principal amount of \$20,000,000.

Eligible Borrowers

Eligible applicants to the LGP must be a small business as defined by the Small Business Jobs Act of 2010, meaning the business cannot have a number of employees greater than 750 at the time of closing a transaction with LGP. The target for the program is to be 500 employees or less. The business activity proposed for the transaction must be located in the State of Utah and must demonstrate an ability to increase employment opportunities for Utahns.

Applicants to the LGP must also carry a financial institution sponsor and have been declined for traditional credit from the financial institution.

Use of Proceeds

Financing can be used for fixed asset acquisition or for working capital. Financing cannot be made to refinance an existing debt.

In no instance will financing secured by LGP funds be used to support ineligible activities as specified in the SSBCI Program Guidelines or the Small Business Jobs Act of 2010.

Rates and Terms

Both Rate and Term Conditions will be determined by the financial institution sponsor in conjunction with an approval for participation in the LGP. These will follow traditional prevailing rates for the same type of credit product as the LGP serves only to enhance the application's viability with traditional underwriting standards.

Fees

Fees for participation in the LGP amount to 4% of the guaranteed portion of a transaction. The fee will be charged at closing by the participating financial institution and will be remitted to HCD prior to the execution of an enrollment agreement in the LGP.

	Historical Performance	Expected Performance
Borrowers	N/A	
Total Number		2,874
Average Size		30 FTEs
Transactions	N/A	

Number		1,143
Average Size		\$250,000
Total Amount		\$285,750,000
Losses	N/A	
Total Amount		\$8,572,500
Cumulative %		3%
Leverage Ratio	N/A	25.15



U.S. Department of the Treasury

State Small Business Credit Initiative
APPLICATION ATTACHMENT
SECTION 4A – Narrative Statement for Each OCSP

Section 1: Applicant Information

1A. Enter the name of the Applicant:

1B. Enter information below about the specific department, agency, or political subdivision of the Applicant that has been designated to implement the program(s) described in this application.

Organization Name:

Section 4: Other Credit Support Programs (OCSP). Complete this Section if applying for SSBCI funds to use for a State Other Credit Support Program

4A. Applicants should use the space provided below to provide a narrative statement describing each OCSP. Statement should include (1) background of the program; (2) summary of program guidelines; (3) historical performance of the program (for existing programs); and (4) expected performance of the program.

	PERFORMANCE	
	Historical	Expected
BORROWERS		
Total Number		
Average Size		
TRANSACTIONS		
Number		
Average Size		
Total Amount		
LOSSES		
Total Amount		
Cumulative %		
LEVERAGE RATIO		

See Attached Documentation for Utah Loan Participation Program (LPP)

Section 4A – Narrative Statement for Each OCSP (Utah Small Business Loan Participation Program)

Background

The Utah Small Business Loan Participation Program (LPP) is a new program to be implemented by the State of Utah in conjunction with the State's community of lending institutions, including banks, credit unions and community development financial institutions (CDFIs). The program seeks to increase small business access to capital. The program is targeted to reach the next lower tier of customers not currently bankable according to current lending criteria, but would be bankable with state program participation on a loan transaction. In addition, the LPP will seek to make targeted loans in market areas as outlined by the Governor's Policy Priorities wherever possible.

Program Guidelines

The purpose of the LPP is to increase credit opportunities for eligible small businesses not currently bankable under traditional lending underwriting criteria. In addition, small businesses supported by the program are expected to generate an increase in the amount of jobs and overall wages supporting income and other tax bases to Utah communities.

The program can provide for either the purchase of a participation amount in a loan originated by a financial institution up to 50% of the transaction amount OR a direct loan to an eligible applicant in accordance with the Governor's policy priorities.

Applications for LPP are accepted via two methods:

1. Referral from a participating financial institution that would not make the loan without a participation partner.
2. Direct application from eligible small businesses as directed by a specific Request for Proposals published by HCD. This entails underwriting from HCD Staff assigned to the program and is presented to the Credit Advisory Committee (CAC) for review prior to a loan being issued. For example, if the Governor's Economic Initiatives entail energy development, HCD would issue a specific RFP toward energy development and accept applications from eligible small businesses that fit the criteria of the RFP. The loan would be underwritten by HCD Staff, presented to the CAC and recommended for approval/disapproval to the HCD Division Director.

Similar to the LGP, the Utah Small Business Credit Advisory Committee (CAC) will consider and make recommendations for enrollment of loans into the LPP.

The CAC is composed of a select group of appointees from participating financial institutions and chosen by their relevant peer groups, the Utah Bankers Association and the Utah Credit Union Association. The group is chaired by the Division Director or his designee. Consideration for the amount of participation, the rate, term or other conditions is a part of each Committee recommendation to HCD. The CAC's main object is to provide viable businesses with credit opportunities that fit their needs, adding strength to the business, creating jobs for community residents and further strengthening the tax base.

Upon recommendation for approval from the CAC, the Division Director for HCD will approve enrollment of an eligible loan for participation in the LPP.

The LPP provides credit support that meets all the following requirements: (1) targets an average borrower size of 500 employees or less; (2) does not extend support to borrowers that have more than 750 employees; (3) targets support towards loans with an average principal amount of \$5,000,000 or less; and (4) does not extend credit support to loans that exceed a principal amount of \$20,000,000.

Eligible Borrowers

Eligible applicants to the LPP must be a small business as defined by the Small Business Jobs Act of 2010, meaning the business cannot have a number of employees greater than 750 at the time of closing a transaction with LPP. The target for the program is to be 500 employees or less. The business activity proposed for the transaction must be located in the State of Utah and must demonstrate an ability to increase employment opportunities for Utahns.

Applicants to the LPP must also either carry a financial institution sponsor and have been declined for traditional credit from the financial institution or be a qualified and eligible respondent to a HCD Request for Proposal.

Use of Proceeds

Financing can be used for fixed asset acquisition or for working capital. Financing cannot be made to refinance an existing debt.

In no instance will financing secured by LPP funds be used to support ineligible activities as specified in the SSBCI Program Guidelines or the Small Business Jobs Act of 2010.

Rates and Terms

Purchased participation loans made in conjunction with a financial institution partner will have its rate and terms determined by the financial institution referring the transaction.

Rates and Terms for direct loan recipients will be recommended by the CAC with approval from the HCD Division Director.

Fees

Fees for participation in the LPP amount to 4% of the participation amount. The fee will be charged at closing by the participating financial institution and or escrow agent and will be remitted to HCD prior to the transfer of funds from the LPP to the applicant and/or financial institution.

	Historical Performance	Expected Performance
Borrowers	N/A	
Total Number		24
Average Size		30 FTEs
Transactions	N/A	
Number		24
Average Size		\$263,366
Total Amount		\$6,320,784
Losses	N/A	
Total Amount		\$189,624
Cumulative %		3%
Leverage Ratio	N/A	3.80



U.S. Department of the Treasury

State Small Business Credit Initiative
APPLICATION ATTACHMENT
SECTION 4B – Lender Capital at-Risk Criteria for OCSPs

Section 1: Applicant Information

1A. Enter the name of the Applicant:

1B. Enter information below about the specific department, agency, or political subdivision of the Applicant that has been designated to implement the program(s) described in this application.

Organization Name:

Section 4: Other Credit Support Programs (OCSP). Complete this Section if applying for SSBCI funds to use for a State Other Credit Support Program

4B. If the Applicant OCSP provides credit support through a financial institution lender or through a non-financial institution lender or investor, and there are instances where financial institution lender (or, if applicable, the non-financial institution lender or investor) bear less than 20% risk of loss, the Applicant should use the space provided below to demonstrate exceptional circumstances as to why the financial institution lender (or, if applicable, the non-financial institution lender or investor) is unable to bear a greater share of the risk.

Not Applicable.

Attachment 4C

Cumulative SSBCI Leverage Calculations by Program							
	Calendar Year						
Activity	2011	2012	2013	2014	2015	2016	Cumulative
SSBCI Disbursements							
SSBCI LGP Disbursements	\$800,000	\$4,800,000	\$5,760,000	\$0	\$0	\$0	\$11,360,000
SSBCI LPP Disbursements	\$263,366	\$1,053,464	\$0	\$0	\$0	\$0	\$1,316,830
Total SSBCI Disbursements	\$1,063,366	\$5,853,464	\$5,760,000	\$0	\$0	\$0	\$12,676,830
SSBCI Cumulative	\$1,063,366	\$6,916,830	\$12,676,830	\$12,676,830	\$12,676,830	\$12,676,830	\$12,676,830
LGP							
Number of Loans (Annually)	40	240	288	40	240	295	1143
Cumulative Number of Loans Made	40	280	568	608	848	1143	1143
Average Total Private Debt Per Guarantee	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Total Cumulative Private Debt	\$10,000,000	\$70,000,000	\$142,000,000	\$152,000,000	\$212,000,000	\$285,750,000	\$285,750,000
Cumulative SSBCI Leverage Ratio	12.50	12.50	12.50	13.38	18.66	25.15	25.15
LPP							
Number of Loans (Annually)	2	8	2	4	2	6	24
Cumulative Number of Loans Made	2	10	12	16	18	24	24
Average Total Private Debt Per Participation	\$131,683	\$131,683	\$263,366	\$263,366	\$263,366	\$263,366	\$208,498
Total Cumulative Private Debt	\$263,366	\$1,316,830	\$1,843,562	\$2,897,026	\$3,423,758	\$5,003,954	\$5,003,954
Cumulative SSBCI Leverage Ratio	1.00	1.00	1.75	2.20	2.60	3.80	3.80

Cumulative SSBCI Leverage Ratio (All Programs)							
Total Number of Loans (Annually)	42	248	290	44	242	301	1167
Cumulative Number of Loans/Investments Made	42	290	580	624	866	1167	2894
Total Cumulative Private \$ Leverage	\$10,263,366	\$71,316,830	\$143,843,562	\$154,897,026	\$215,423,758	\$290,753,954	\$290,753,954
Cumulative Leverage Ratio	9.65	10.31	11.35	12.22	16.99	22.94	22.94



U.S. Department of the Treasury

State Small Business Credit Initiative
APPLICATION ATTACHMENT
SECTION 4E – Anticipated Benefits from Each OCSP

Section 1: Applicant Information

1A. Enter the name of the Applicant:

1B. Enter information below about the specific department, agency, or political subdivision of the Applicant that has been designated to implement the program(s) described in this application.

Organization Name:

Section 4: Other Credit Support Programs (OCSP). Complete this Section if applying for SSBCI funds to use for a State Other Credit Support Program

4E. Applicants should use the space provided below to describe the anticipated benefits from each OCSP to the (a) State, (b) its businesses, (c) its residents, and (d) describe the extent to which resulting small business lending will expand economic opportunities. For Loan Guarantee Programs, Applicants must provide detailed assumptions concerning estimated number of loans and estimated loan amounts during the course of the SSBCI. Applicants that are enacting new Collateral Support Programs should present detailed assumptions concerning estimated loan volume and overall federal collateral support used for such loans. The metrics used should include, but need not be limited to:

- Jobs created
- The number and value of new OCSP small business loans
- Increases in sales, income or other tax revenues paid by businesses or workers

Values for the Loan Guarantee Program (LGP) have been derived using historical data from other loan guarantee programs. The following methodology has been adopted for this application:

1. Loan loss reserve balances are based on historical information of the California Small Business Loan Guarantee Program and meetings with the Utah Bankers Association. Projected loan volume and transaction value have been derived from discussion with the Utah Bankers Association and local lenders on product needs and targets for the Utah market and are a function of the loan loss reserve and associated leveraging ratio.
2. Loan Guarantees are expected to expire at the three year mark from Issuance per historical data derived from the California Loan Guarantee Program.
3. Projected jobs created is based on 1 FTE per \$60,000 in new credit issued.
4. Projected increases in new income taxes is based on the most recent average tax information in the State of Utah for the projected wages of the new jobs created. (currently \$1,947 per taxpayer)

See attached projections.

Attachment 4E – Anticipated Benefits from each OCSP – Utah Small Business Loan
Guarantee Program (LGP)

	2011	2012	2013	2014	2015	2016
Number of Loans (Annually)	40	240	288	40	240	295
Cumulative # of Loans Made	40	280	568	608	848	1143
Avg. Total Private Debt per Guarantee	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Total Cumulative Private Debt	\$10,000,000	\$70,000,000	\$142,000,000	\$152,000,000	\$212,000,000	\$285,750,000
Cumulative SSBCI Funds in LGP	\$800,000	\$5,600,000	\$11,360,000	\$11,360,000	\$11,360,000	\$11,360,000
Cumulative SSBCI Leverage	12.50	12.50	12.50	13.38	18.66	25.15
Cumulative Jobs Created	167	1,167	2,367	2,533	3,533	4,763
New Annual Income Tax as a result of SSBCI Jobs Created	\$324,500	\$2,271,500	\$4,607,900	\$4,932,400	\$6,879,400	\$9,272,588



Section 1: Applicant Information

1A. Enter the name of the Applicant:

1B. Enter information below about the specific department, agency, or political subdivision of the Applicant that has been designated to implement the program(s) described in this application.

Organization Name:

Section 4: Other Credit Support Programs (OCSF). Complete this Section if applying for SSBCI funds to use for a State Other Credit Support Program

4E. Applicants should use the space provided below to describe the anticipated benefits from each OCSF to the (a) State, (b) its businesses, (c) its residents, and (d) describe the extent to which resulting small business lending will expand economic opportunities. For Loan Guarantee Programs, Applicants must provide detailed assumptions concerning estimated number of loans and estimated loan amounts during the course of the SSBCI. Applicants that are enacting new Collateral Support Programs should present detailed assumptions concerning estimated loan volume and overall federal collateral support used for such loans. The metrics used should include, but need not be limited to:

- Jobs created
- The number and value of new OCSF small business loans
- Increases in sales, income or other tax revenues paid by businesses or workers

Values for the Loan Participation Program (LPP) have been derived using historical data from other loan participation programs utilized by the Utah Banking Community. The following methodology has been adopted for this application:

1. Projected loan volume, transaction value and leveraging ratios are based on consensus from the Utah Bankers Association regarding product need and historical experience with other participation programs utilized by UBA affiliates. The 1:1 is an extremely CONSERVATIVE ratio and allows for a variety of loan packages to be used by the program to satisfy a variety of lending needs. These figures are much more conservative than similar type programs from Oregon and California.
2. Projected jobs created is based on 1 FTE per \$60,000 in new credit issued.
3. Projected increases in new income taxes is based on the most recent average tax information in the State of Utah for the projected wages of the new jobs created. (currently \$1,947 per taxpayer)

See attached projections.

Attachment 4E – Anticipated Benefits from each OCSP – Utah Small Business Loan Participation Program (LPP)

	2011	2012	2013	2014	2015	2016
Number of Loans	2	8	2	4	2	6
Cumulative Number of Loans Made	2	10	12	16	18	24
Average Total Private Debt Per Participation	\$131,683	\$131,683	\$263,366	\$263,366	\$263,366	\$263,366
Total Cumulative Private Debt	\$263,366	\$1,316,830	\$1,843,562	\$2,897,026	\$3,423,758	\$5,003,954
Cumulative SSBCI Funds in LPP	\$263,366	\$1,316,830	\$1,316,830	\$1,316,830	\$1,316,830	\$1,316,830
Cumulative SSBCI Leverage	1.00	1.00	1.40	2.20	2.60	3.80
Cumulative Jobs Created	4	22	31	48	57	83
New Annual Income Tax as a result of SSBCI Jobs Created	\$8,546	\$42,731	\$59,824	\$94,008	\$111,101	\$162,378



U.S. Department of the Treasury

State Small Business Credit Initiative
APPLICATION ATTACHMENT
SECTION 4F –Operational Capacity, Skills, and
Experience of the Management Team for Each OCSP

Section 1: Applicant Information

1A. Enter the name of the Applicant:

1B. Enter information below about the specific department, agency, or political subdivision of the Applicant that has been designated to implement the program(s) described in this application.

Organization Name:

Section 4: Other Credit Support Programs (OCSP). Complete this Section if applying for SSBCI funds to use for a State Other Credit Support Program

4F. Applicants should use the space provided below to describe (a) operational capacity, (b) skills, and (c) experience of the management team for each State OCSP. The metrics used should include, but need not be limited to:

- Qualifications and financial industry experience of senior management
- Experience of senior management in operating CAPs or OCSPs
- Adoption of industry best practices (e.g., use of risk management strategies employed by analogous successful programs)

Loan Guarantee Program

Gordon D. Walker, Division Director for Housing and Community Development has over thirty years of professional experience in financial institutions, small business and government program administration. Currently, he manages over \$700 Million in Net Assets on behalf of the State through its housing and community development loan programs. Prior to his service to the state, Mr. Walker was appointed by the Federal Office of Thrift Supervision as CEO of a Utah based savings and loan institution to complete a new management and board structure. He managed all ongoing functions including lending and asset management. Mr. Walker is a graduate of Harvard Business School.

Jonathan Hardy is the designated program director over the State Small Business Credit Initiative and currently serves the state as the Director of the State Community Services Office (SCSO) managing thirteen federal and state programs. Mr. Hardy has over ten years of banking and small business experience prior to his seven year service to the state in government program administration. He served in the Private Banking division of Key Bank and Executive Banking division of Zions Bank, overseeing the production of commercial lending to a portfolio of over 300 small business clients. He served as the loan portfolio manager to the state's Olene Walker Housing Loan Fund prior to his appointment to SCSO. Jonathan is a graduate of the University of Utah.

Kimberley Schmeling is the Chief Financial Officer for HCD and has served in that capacity since 1996. She oversees the budget process for the Division on behalf of its \$700 Million Loan Portfolio and its \$250+ Million Annual Budget. Prior to her service to HCD, Kimberley worked with the State of Nebraska on a new bank serviced low-interest energy efficiency loan program. She has a degree in Economics and is a Certified Public Manager and a Certified Federal Grants Manager.

In addition to the HCD personnel listed, another instrumental portion of Utah's SSBCI Implementation will be the Credit Advisory Committee (CAC) used to evaluate and make recommendations on loan applications to the program. The CAC is composed of members elected from the Utah Bankers Association and Utah Credit Union Association. These are highly skilled professionals who are industry experts in small business lending and underwriting. Transactions for the LGP will be reviewed by this committee and in most every case will have already been submitted to a traditional underwriting process by the referring financial institution.



U.S. Department of the Treasury

State Small Business Credit Initiative
APPLICATION ATTACHMENT
SECTION 4F –Operational Capacity, Skills, and
Experience of the Management Team for Each OCSP

Section 1: Applicant Information

1A. Enter the name of the Applicant:

1B. Enter information below about the specific department, agency, or political subdivision of the Applicant that has been designated to implement the program(s) described in this application.

Organization Name:

Section 4: Other Credit Support Programs (OCSP). Complete this Section if applying for SSBCI funds to use for a State Other Credit Support Program

4F. Applicants should use the space provided below to describe (a) operational capacity, (b) skills, and (c) experience of the management team for each State OCSP. The metrics used should include, but need not be limited to:

- Qualifications and financial industry experience of senior management
- Experience of senior management in operating CAPs or OCSPs
- Adoption of industry best practices (e.g., use of risk management strategies employed by analogous successful programs)

Loan Participation Program

Gordon D. Walker, Division Director for Housing and Community Development has over thirty years of professional experience in financial institutions, small business and government program administration. Currently, he manages over \$700 Million in Net Assets on behalf of the State through its housing and community development loan programs. Prior to his service to the state, Mr. Walker was appointed by the Federal Office of Thrift Supervision as CEO of a Utah based savings and loan institution to complete a new management and board structure. He managed all ongoing functions including lending and asset management. Mr. Walker is a graduate of Harvard Business School.

Jonathan Hardy is the designated program director over the State Small Business Credit Initiative and currently serves the state as the Director of the State Community Services Office (SCSO) managing thirteen federal and state programs. Mr. Hardy has over ten years of banking and small business experience prior to his seven year service to the state in government program administration. He served in the Private Banking division of Key Bank and Executive Banking division of Zions Bank, overseeing the production of commercial lending to a portfolio of over 300 small business clients. He served as the loan portfolio manager to the state's Olene Walker Housing Loan Fund prior to his appointment to SCSO. Jonathan is a graduate of the University of Utah.

Kimberley Schmeling is the Chief Financial Officer for HCD and has served in that capacity since 1996. She oversees the budget process for the Division on behalf of its \$700 Million Loan Portfolio and its \$250+ Million Annual Budget. Prior to her service to HCD, Kimberley worked with the State of Nebraska on a new bank serviced low-interest energy efficiency loan program. She has a degree in Economics and is a Certified Public Manager and a Certified Federal Grants Manager.

In addition to the HCD personnel listed, another instrumental portion of Utah's SSBCI implementation will be the Credit Advisory Committee (CAC) used to evaluate and make recommendations on loan applications to the program. The CAC is composed of members elected from the Utah Bankers Association and Utah Credit Union Association. These are highly skilled professionals who are industry experts in small business lending and underwriting.



U.S. Department of the Treasury

State Small Business Credit Initiative
APPLICATION ATTACHMENT
SECTION 4G –Capacity of OCSF Staff to Manage
Increases in the Volume of its Small Business Lending

Section 1: Applicant Information

1A. Enter the name of the Applicant:

1B. Enter information below about the specific department, agency, or political subdivision of the Applicant that has been designated to implement the program(s) described in this application.

Organization Name:

Section 4: Other Credit Support Programs (OCSP). Complete this Section if applying for SSBCI funds to use for a State Other Credit Support Program

4G. Applicants should use the space provided below to describe for each OCSP, the capacity of OCSP staff to manage increases in the volume of its small business lending. Evidence cited should include, but need not be limited to:

- Financial strength
- Operational capacity

See attached documentation for Utah Small Business Loan Guarantee Program (LGP)

Section 4G - Description of the Capacity of OCSP Staff to Manage Increases in Volume of its Small Business Lending (Attachment) for the Utah Small Business Loan Guarantee Program (LGP)

Background

The Utah Division of Housing and Community Development (HCD) serves as the administrator of federal and state grant and loan programs. HCD has served this role during the past 25 years and has an exceptional track record of effectively and efficiently managing various loan programs. Furthermore HCD has the capacity and experience of the State of Utah supporting all aspects of its daily functions from auditing oversight to financial support. Recent reductions in federal funding will facilitate opportunities to adjust work schedules to readily administer SSBCI funding.

Financial Strength

HCD functions as the principal administrator of state and federal grant programs for the State of Utah. As such, HCD is in a prime position to administer SSBCI. In 2011 HCD has been awarded over \$200,000,000 in federal and state funds.

Operational Capacity

HCD has a long established record of successfully administering loan programs. Those persons directly assigned to SSBCI have over 50 years experience in administering federal loan programs. Likewise our accounting team has a similar level of experience and expertise. Due to a reduction in other federally funded programs and ever improving efficiencies HCD has the capacity to absorb the added duties of the SSBCI.

Our loan experience is as follows:

- The HCD Community Development Block Grant program provided the initial capital and organizational support and direction to 7 regional revolving loan funds throughout the state and has supervised those funds for over 20 years. Additionally we have experience in directly administering over \$3 million in CDBG interim/float loans and a CDBG 108 loan guarantee.
- HCD administers the Private Activity Bond, authorizing approximately \$275 million of the states bonding authority to small business, housing projects and student loans.
- The HCD Olene Walker Housing Loan Fund has a housing loan portfolio of over \$102 million and is fully administered within the division.
- The Community Impact Fund has a varied loan portfolio valued at over \$500 million.
- The division also directs a loan portfolio of \$16 million through the Neighborhood Stabilization Program working in partnership with a private non-profit in partnership with a major financial institution.
- HCD is also in the process of setting up a housing weatherization loan fund with a private sector financial partner committed to an investment of \$2.6 million.



U.S. Department of the Treasury

State Small Business Credit Initiative
APPLICATION ATTACHMENT
SECTION 4G –Capacity of OCSP Staff to Manage
Increases in the Volume of its Small Business Lending

Section 1: Applicant Information

1A. Enter the name of the Applicant:

1B. Enter information below about the specific department, agency, or political subdivision of the Applicant that has been designated to implement the program(s) described in this application.

Organization Name:

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- Financial strength
- Operational capacity

See attached documentation for Utah Small Business Loan Participation Program (LPP)

Section 4G - Description of the Capacity of OCSF Staff to Manage Increases in Volume of its Small Business Lending (Attachment) for the Utah Small Business Loan Participation Program (LPP)

Background

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U.S. Department of the Treasury

State Small Business Credit Initiative
APPLICATION ATTACHMENT
SECTION 4H – Internal Accounting and Administrative
Controls Systems Used by the OCSP Staff

Section 1: Applicant Information

1A. Enter the name of the Applicant:

1B. Enter information below about the specific department, agency, or political subdivision of the Applicant that has been designated to implement the program(s) described in this application.

Organization Name:

Section 4: Other Credit Support Programs (OCSP). Complete this Section if applying for SSBCI funds to use for a State Other Credit Support Program

4H. Applicants should use the space provided below to describe for each OCSP, the internal accounting and administrative controls systems used by the OCSP staff and the means they use to safeguard against (a) waste, (b) loss, (c) unauthorized use, and (d) misappropriation. If available, evidence cited should include, but need not be limited to:

- Periodic internal audits
- Annual independent audits (including management letters)
- Program financial statements current within the last 6 months.
- Accounting and financial reporting system compliant with OMB Circular A-127

In addition, if available, the Applicant must attach a copy of the most recent independent financial audit or program financial statements for each OCSP, dated within the last six months. If no independent financial audit or program financial statements exist for the OCSP, then the Applicant must attach a copy of the independent financial audit or program financial statements, dated within the last six months, for the entity implementing each OCSP as identified in the response to Section 1B or 1D of the application.

Although the Loan Guarantee Program is new to the Division of Housing and Community Development, the Division has substantial experience in providing proper internal accounting and administrative controls on federal programs. The Utah Division of Housing & Community Development administers state and federal funds in accordance with all applicable state and federal regulations, including but not limited to, Titles 63A and 63J of the State of Utah Code, 2 CFR Part 225, *Cost Principles for State, Local and Indian Tribal Governments* and OMB Circular A-127, *Financial Management Systems*, as well as Generally Accepted Accounting Principles (GAAP) and State of Utah accounting policies and procedures. All expenditures, revenues and receivables are posted to the State's general accounting system, FINET, which supports budgeting, general ledger, purchasing, encumbrance, accounts payable, accounts receivable, grant/project/cost accounting, appropriation budget control, inventory control and fixed assets.

In addition, internal controls have been established within the Division to ensure adequate separation of duties, oversight, and reporting, as well as to prevent waste, fraud, abuse or misuse of funds. This includes the establishment of functional separations between program staff and financial staff, multiple levels of document review, and supervisory approval of transactions over a certain dollar amount. Likewise, statutorily boards and committees are responsible to approve Division spending plans and project allocations for both state and federally funded programs. An internal grants management system, which tracks all funding sources and subrecipient contracts and payments, adds an additional level of transparency and oversight to division projects and payments.

The Utah Division of Housing & Community Development is routinely audited at several levels by the Utah State Auditor's Office, including transactional post-audit and department audit of procedures and controls, as well as part of the State's single audit, in accordance with OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Federal agencies and the Inspector General's Office also schedule periodic audits. Results of Division audits and management letters can be found on the State of Utah Auditor's Office website, www.sao.utah.gov, and on the federal audit clearing house via the cognizant federal agency, the U.S. Department of Health & Human Services. A department internal auditor assesses and addresses risk and internal controls. Finally, the Division of Housing & Community Development routinely monitors programmatic and fiscal performance of subrecipient agencies it subcontracts with.

The State's annual audited financial statements, which report the state's financial position and results of operations, including that of the Division of Housing & Community Development, can be found in the Comprehensive Annual Financial Report (CAFR) at <http://finance.utah.gov/reporting/cafr.html>.

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1B. Enter information below about the specific department, agency, or political subdivision of the Applicant that has been designated to implement the program(s) described in this application.

Organization Name: **Section 4: Other Credit Support Programs (OCSP).** Complete this Section if applying for SSBCI funds to use for a State Other Credit Support Program

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Although the Loan Participation Program is new to the Division of Housing and Community Development, HCD has substantial experience in providing proper internal accounting and administrative controls on federal programs. The Utah Division of Housing & Community Development administers state and federal funds in accordance with all applicable state and federal regulations, including but not limited to, Titles 63A and 63J of the State of Utah Code, 2 CFR Part 225, *Cost Principles for State, Local and Indian Tribal Governments* and OMB Circular A-127, *Financial Management Systems*, as well as Generally Accepted Accounting Principles (GAAP) and State of Utah accounting policies and procedures. All expenditures, revenues and receivables are posted to the State's general accounting system, FINET, which supports budgeting, general ledger, purchasing, encumbrance, accounts payable, accounts receivable, grant/project/cost accounting, appropriation budget control, inventory control and fixed assets.

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Section 1: Applicant Information

1A. Enter the name of the Applicant:

1B. Enter information below about the specific department, agency, or political subdivision of the Applicant that has been designated to implement the program(s) described in this application.

Organization Name:

Section 5: Compliance.

4H. Applicants should use the space provided below to provide a narrative statement describing what reporting mechanisms, audits, or other activities (a) the Applicants has in place or (b) need to be implemented to enable the Applicant to conduct oversight and meet annual reporting requirements for the proposed programs.

DCC through its Division of Housing and Community Development (HCD) is a capable steward of a variety of programs and is uniquely positioned to provide the proper administrative oversight over the SSBCI Program. HCD consistently reviews internally and externally, both the program and fiscal requirements of its programs. For SSBCI, HCD has set up controls to maximize compliance at the inception of enrollment of a loan product into the program. This includes capturing all the required data elements for quarterly and annual reporting, obtaining all assurances from the applicant and participating financial institution (if applicable) that the activity is eligible under the terms and conditions of the program and measuring the extent to which the program has created jobs, increased tax revenues and impacted underserved or other target communities.

HCD will be deploying an application tool within its grants management software which will allow for the collection, reporting and other administrative functions to be accessible to those involved in the program including staff, credit advisory committee reviewers and other as necessary. This will allow for efficient tracking of all loans and loan guarantees made by the program and the return on investment in a streamlined fashion.

HCD will continue a regular quarterly follow up with all participating financial institutions to determine if enrolled transactions are still a part of the obligation list of transactions or if the debt was retired. This will help further the leveraging possibilities of the program by redeploying loan, guarantee or venture capital investment funds to new transactions.

This same procedures will guide the use of program income which will be distributed in eligible programs and tracked in a similar fashion to the original allocation amount.

ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.


PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL 		TITLE Executive Director
APPLICANT ORGANIZATION Department of Community and Culture		DATE SUBMITTED 8/3/2011